


# Counter Fraud Progress Report 2025/26

Date: 16 April 2026

APPENDIX 2

## CONTENTS

- 3** Background
  - 3** Counter Fraud Management
  - 4** Investigative Work
- 



## BACKGROUND

- 1 Fraud is a significant risk to the public sector. Fraud is the most common offence in the UK, accounting for 41% of all crime<sup>1</sup>. The National Audit Office estimates that fraud and error cost the taxpayer between £55 and £81 billion in 2023/24 and only a fraction of this was detected<sup>2</sup>. Financial loss due to fraud can reduce a council's ability to support public services and cause reputational damage.
- 2 Veritau provides a corporate fraud service to Middlesbrough Council which aims to prevent, detect and deter fraud and related criminality. We use qualified criminal investigators to support departments with fraud prevention, proactively identify issues through data matching exercises, and investigate suspected fraud. To deter fraud, offenders face a range of outcomes, including prosecution in the most serious cases.
- 3 The counter fraud team also plans and takes part in counter fraud campaigns (eg the National Fraud Initiative), undertakes fraud awareness activities with staff and the public, and maintains and updates the Council's counter fraud framework and associated policies.
- 4 The purpose of this report is to update the Audit Committee on counter fraud activity in 2025/26.



## COUNTER FRAUD MANAGEMENT

- 5 In December, Middlesbrough Council and Veritau undertook an unannounced day of action against blue badge fraud. Increased footfall in the town during the winter months can reduce the availability of disabled bays on roads and in car parks. Misuse of blue badges can put additional pressure on disabled residents and visitors during this time. On the day 37 badges were checked by counter fraud and parking officers. One badge belonging to a deceased person was found to be misused. The case is still under investigation. The day of action was publicised by the Council<sup>3</sup>.
- 6 The counter fraud team actively works to raise employees' awareness of the different fraud risks affecting the Council. In November, during International Fraud Awareness Week, the counter fraud team highlighted the threat to councils from polygamous working. There have been several recent high-profile cases where council workers have been found to be working for multiple councils at the same time and not informing their employers. In August, a man from Gloucestershire was found guilty of fraud in relation to working four full-time roles with or for local authorities. He was found to have received £236k in salary and benefits that he was not entitled to and was sentenced to three years in jail.
- 7 On International Anti-Corruption Day in December, a new offence, Failure to Prevent Fraud, was highlighted to all employees. Introduced as part of

---

<sup>1</sup> [Progress combatting fraud \(Forty-Third Report of Session 2022-23\)](#), Public Accounts Committee, House of Commons

<sup>2</sup> [An overview of the impact of fraud and error on public funds](#), National Audit Office

<sup>3</sup> [Day of Action Targets Blue Badge Misuse](#), Middlesbrough Council

the Economic Crime and Corporate Transparency Act 2023, large organisations can be found to be guilty of the offence if an employee, contractor, or supplier delivering services commits a fraud offence that benefits the organisation. Raising awareness of this new legislation and the threat of fraud within the Council is a recommendation of government guidance for the new legislation.

- 8 This year bespoke training has also been provided to the following teams:
- Benefits
  - Finance (social care)
  - Procurement
  - Revenues
- 9 Veritau shares alerts on fraud threats identified by partners in the counter fraud community, including the National Anti-Fraud Network (NAFN). When Veritau identifies threats that could affect other local authorities, then a threat report is made so all NAFN members are aware. Recent alerts from NAFN have included details of a worker found to be working for multiple councils, someone contacting councils and pretending to be from the ICO, and fraudsters pretending to make a generous bequest, ie a grand piano, to a school in order to trick them into making payments for its delivery.

## INVESTIGATIVE WORK

- 10 Between 1 April and 28 February 2026, the counter fraud team logged 142 referrals of suspected fraud. Twenty-three investigations have been completed this year and there are currently 39 cases under investigation. To date £232k of loss has been identified.
- 11 Five formal warnings have been issued in relation to misconduct around special guardianship order (children's social care), single person discounts (council tax), council tax reduction scheme (benefits) and blue badges (parking). Invoices totalling £58k have been issued in a further four investigations. Three internal investigations have been completed. Information has been provided for five debt recovery cases.
- 12 The counter fraud team supports the Council to recover losses identified as part of investigations. Counter fraud savings<sup>4</sup> are tracked by monitoring repayments to the Council and calculating the value of stopping ongoing frauds. In 2025/26 £371k of counter fraud savings have been identified to date.

---

<sup>4</sup> Counter fraud savings consist of money recovered during the course of the year (debts may have been calculated in previous years as well as the current financial year) and 12 months of savings where an ongoing fraud has been stopped through the work of the counter fraud team.